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China Power International Development Limited

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

CONNECTED TRANSACTION

EPC Contracting Agreement

On 11 October 2022, CP Junan (a wholly-owned subsidiary of the Company) entered into an EPC Contracting Agreement with Shandong Institute, pursuant to which Shandong Institute will provide survey and design, procurement, construction and installation, and technical support services in relation to Junan Project. The maximum consideration payable under the EPC Contracting Agreement is RMB153,900,200 (equivalent to approximately HK\$169,121,100).

Shandong Institute is an indirect subsidiary of SPIC. SPIC is the ultimate controlling shareholder of the Company which is interested in approximately 56.18% of the issued share capital of the Company. As such, Shandong Institute is a connected person of the Company as defined in the Listing Rules. Accordingly, the EPC Contracting Agreement constitutes a connected transaction of the Company under the Listing Rules.

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the maximum consideration payable under the EPC Contracting Agreement exceeds 0.1% but all fall below 5%, the transaction contemplated under the EPC Contracting Agreement is therefore subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that CP Junan (a wholly-owned subsidiary of the Company) entered into an EPC Contracting Agreement with Shandong Institute on 11 October 2022 in relation to the development of Junan Project, a household-use roof-top distributed photovoltaic power project with an installed capacity of 42MW in Junan County, Linyi City, Shandong Province, the PRC.

EPC CONTRACTING AGREEMENT

Date

11 October 2022

Parties

- (i) CP Junan (as the Employer); and
- (ii) Shandong Institute (as the Contractor).

Services to be provided by the Contractor

The Contractor has agreed to act as the main contractor and provide survey and design, engineering construction, equipment procurement and other services for the Project, among which, (i) the survey and design services include but are not limited to the surveying of all rooftops in the county, the completion of a feasibility report, construction drawing design, rooftop measurement and rooftop load identification; (ii) engineering construction services include but are not limited to rooftop reinforcement, waterproofing, installation of solar brackets and components and handling of various inspections, tests, and permits; (iii) equipment procurement services mainly include the supply of equipment and materials required for engineering construction, supervision, transportation, acceptance, functional testing and storage; (iv) operation and maintenance services include system maintenance and overhaul; (v) other services include equipment manufacturing supervision, commissioning, completion certification (including trial operation, defect elimination, performance assurance assessment and acceptance), training, performance quality assurance, and follow-up services covering the entire project warranty period.

Consideration

The total maximum contracting fee under the EPC Contracting Agreement payable by the Employer is RMB153,900,200 (inclusive of all taxes) and consist of the following components:

Fees	Amount (RMB) (Inclusive of all taxes)
Equipment procurement fee	103,203,500
Construction and Installation fees	37,703,000
Design fee	2,423,600
Other fees [#]	10,570,100
Total	153,900,200

[#] Other fees include: all kinds of engineering certification processing, construction management and supervision, technical services, trial runs of the whole system, quality control and inspection, training and various miscellaneous costs.

Payment terms

The Employer shall make an interest-free prepayment to the Contractor equivalent to 10% of the total contracting fee within 30 days after receiving and verifying the irrevocable surety bond submitted by the Contractor for its due performance of the works under the EPC Contracting Agreement.

The remaining 90% of the total contracting fee is payable by instalments according to their respective payment terms as specified below, provided that the acceptance and settlement of each batch shall not be less than 5MW.

- **Equipment procurement fee:** up to 85% is payable within 15 days after the monthly progress payment application together with the supporting documents submitted by the Contractor for the Employer's verification and confirmation of completeness; the remaining 5% will be served as a warranty for quality assurance which is payable within 15 days after the Project has passed the standard for commercial operation without any quality issues in the first three years and has reached the respective utilization hours as stipulated in the EPC Contracting Agreement.
- **Construction and installation fees, design fee and other fees:** up to 87% is payable within 15 days after the monthly progress payment application together with the supporting documents have been submitted by the Contractor for the Employer's verification and confirmation of completeness; the remaining 3% will be served as a warranty for quality assurance which is payable within 15 days after the Project has passed the standard for commercial operation without any quality issues in the first two years and has reached the respective utilization hours as stipulated in the EPC Contracting Agreement.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

Junan Project is located in Junan County, Linyi City, Shandong Province of the PRC where is rich in photovoltaic resources and has the conditions for large-scale development. Distributed photovoltaic power generation for household-use is also an important form of new energy development which is conducive to promoting realization of the national environmental targets of "Dual Carbon Goals" (carbon emission peaking by 2030 and carbon neutrality by 2060) and rural revitalization. This is in line with the orientation of the relevant national industrial policies and the Group's strategic goal for development of clean and integrated energy projects.

The Group awarded the EPC Contracting Agreement to Shandong Institute following a stringent competitive open market tendering process, through the procurement and bidding platform and networks in the PRC, including China Public Service Platform for Tendering and Bidding* (中國招標投標公共服務平台), China Procurement and Bidding Network* (中國採購與招標網) and China Electric Power Equipment Information Network* (中國電力設備信息網). The consideration for the EPC Contracting Agreement is compatible to the prevailing rates or is at better terms than those charged by other project companies for comparable jobs in the market. The Directors are of the view that the consideration of the Agreement and its respective terms are no less favourable to the Group than those available from independent third parties.

The Directors recognize that Shandong Institute is among the leading electric power engineering companies in the PRC which possesses the relevant experience and expertise in the provision of relevant engineering consulting and technical services for large-scale power plants and ancillary facilities construction projects at home and abroad.

The Directors (including the independent non-executive Directors) are of the view that, as far as the shareholders of the Company are concerned, the Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has material interest in the Agreement or is required to abstain from voting on the relevant Board resolutions.

INFORMATION OF THE GROUP AND THE EMPLOYER

The Company is the core and flagship listed subsidiary of SPIC. SPIC (together with its subsidiaries) is an integrated energy group which simultaneously owns coal-fired power, hydropower, nuclear power and renewable energy resources in the PRC.

The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of hydropower, wind power, photovoltaic power and coal-fired power plants; and provision of energy storage, green power transportation and integrated intelligent energy solution services. Its businesses are located in various major power grid regions of China.

CP Junan is a wholly-owned subsidiary of the Company established in 2021 which is mainly engaged in the research and development of high-efficiency energy-saving technologies in the power industry, construction engineering, solar power investment and related technical development, consultancy and supporting services, and electricity sales and distribution.

INFORMATION OF THE CONTRACTOR

Shandong Institute was established in 1958 which is principally engaged in providing electric power planning, engineering survey, design and consulting, and project construction services. It possesses comprehensive Grade A qualification certificates in engineering design and engineering survey. It is a national high-tech enterprise and the chair unit of Shandong Electric Power Survey and Design Association and has been ranked as one of the forefront companies among the “National Survey and Design Comprehensive Strength 100 Institutes” of the Chinese power industry for the past many years. Shandong Institute is an indirect subsidiary ultimately held and controlled by SPIC.

SPIC is principally engaged in investment holding with business covers the power, coal, aluminum, logistics, finance, environmental protection and high-tech industries in the PRC and overseas countries.

COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, SPIC owns approximately 56.18% of the issued share capital of the Company. As SPIC is the ultimate controlling shareholder of the Company, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

Shandong Institute is an indirect subsidiary of SPIC and is ultimately controlled by SPIC. Accordingly, Shandong Institute is a connected person of the Company and the EPC Contracting Agreement constitutes a connected transaction of the Company under the Listing Rules.

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the maximum consideration payable under the EPC Contracting Agreement exceeds 0.1% but all fall below 5%, the transaction contemplated under the EPC Contracting Agreement is therefore subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“Company”	China Power International Development Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange
“CP Junan” or “Employer”	China Power (Junan) Power Co., Ltd.* (中電(莒南)電力有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“EPC Contracting Agreement” or “Agreement”	the agreement dated 11 October 2022 entered into between CP Junan and Shandong Institute in relation to the provision of survey and design, procurement, construction and installation, and technical support services for Junan Project
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Junan Project” or “Project”	Phase one of the household-use roof-top distributed photovoltaic power project developed by CP Junan in Junan County, Linyi City, Shandong Province, China, with an installed capacity of 42MW
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Institute” or “Contractor”	Shandong Electric Power Engineering Consulting Institute Corp., Ltd. (山東電力工程諮詢院有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of SPIC
“SPIC”	State Power Investment Corporation Limited* (國家電力投資集團有限公司), the ultimate controlling shareholder of the Company, a wholly State-owned enterprise established by the approval of the State Council of the PRC* (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* *English or Chinese translation, as the case may be, is for identification only*

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.91 to HK\$1.00. The translation shall not be taken as representation that the Renminbi could actually be converted into Hong Kong dollars at that rate, or at all.

By Order of the Board
China Power International Development Limited
HE Xi
Chairman

Hong Kong, 11 October 2022

As at the date of this announcement, the directors of the Company are: executive directors HE Xi and GAO Ping, non-executive directors ZHOU Jie and XU Zuyong, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.